NCA
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OVERSEAS INVESTORS AND U.S. INDUSTRIES

ANNCR:

OVERSEAS MANUFACTURERS ARE STEPPING UP INVESTMENTS IN NEW AMERICAN FACILITIES, AS WE HEAR IN THIS BACKGROUND REPORT BY VOA BUSINESS EDITOR FRANK FEINBERG.

VOICE:

FOREIGN INVESTORS HAVE PUT MONEY TO WORK IN AMERICAN INDUSTRY AND COMMERCE SINCE THE NATION'S EARLY DAYS. THE LARGEST AMOUNTS HAVE BEEN INVESTED INDIRECTLY--AS DEPOSITS IN BANKS, AND PURCHASES OF BOTH U.S. GOVERNMENT AND PRIVATE SECURITIES -- BONDS AND STOCKS. BUT SINCE 1973, THE PACE OF FOREIGN DIRECT INVESTMENT -- MOSTLY IN MANUFACTURING -- HAS GROWN RAPIDLY. ABOUT SIX-HUNDRED SUCH INVESTMENTS WERE MADE FROM 1973 THROUGH 1975. AND IN THIS YEAR'S FIRST QUARTER, THERE WERE 54 INVESTMENTS IN U.S. MANUFACTURING FACILITIES BY FOREIGN FIRMS.

EUROPEAN, CANADIAN AND JAPANESE MANUFACTURERS, PARTICULARLY, ARE UNDERWRITING THE EXPANSION OF EXISTING U.S. FACILITIES AND CONSTRUCTION OF NEW PLANTS. ALTHOUGH PRODUCTS RANGE FROM STEEL BALL BEARINGS TO FOOD PRODUCTS, FOREIGN INVESTORS -- IN THE LAST SEVERAL YEARS -- HAVE CONCENTRATED ON THE CHEMICAL INDUSTRY. COINCIDENTALLY, CHEMICAL AND PHARMACEUTICAL COMPANIES IN AMERICA ARE EXPERIENCING A BIG SURGE IN SALES AND EARNINGS. (OPT) THESE INCREASES REFLECT THE MOMENTUM IN THE ECONOMIC RECOVERY; USE OF INDUSTRIAL CHEMICALS ARE A GOOD INDICATOR OF BUSINESS CONDITIONS. CURRENTLY, DEMAND FOR CHEMICALS IS STRONG IN MANY WORLD REGIONS, PARTICULARLY IN AMERICA AND EUROPE. (END OPT)

OVERSEAS MANUFACTURERS CITE SEVERAL REASONS FOR INCREASING INVESTMENT IN AMERICA. SUITABLE SITES FOR PLANTS EVERYWHERE ARE EXPENSIVE, BUT BOTH AVAILABILITY AND PRICE IN THE UNITED STATES REMAIN RELATIVELY ATTRACTIVE. MANY OVERSEAS MANUFACTURERS WANT TO PRODUCE DOMESTICALLY THEIR OUTPUT FOR THE U.S. MARKET. THEY FEEL THIS WILL GIVE THEM A BETTER FOOTHOLD IN ENLARGING THEIR SHARE OF THE BIG U.S. MARKET. IN RECENT WEEKS, VOLVO OF SWEDEN HAS BEGUN ERECTING AUTOMOBILE ASSEMBLY LINE FACILITIES IN THE STATE OF VIRGINIA. AND WEST GERMANY'S VOLKSWAGEN IS STUDYING SEVERAL POTENTIAL SITES IN THE UNITED STATES. WORKER PRODUCTIVITY IS ANOTHER BIG FACTOR IN LOCATING MANUFACTURING PLANTS IN AMERICA. SEVERAL RECENT STUDIES -- BY BOTH PRIVATE AND INTER-GOVERNMENTAL ORGANIZATIONS -- SHOW THAT PRODUCTIVITY OF THE U.S. LABOR FORCE RANKS AT THE TOP AMONG INDUSTRIALIZED NATIONS.

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